

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01  
USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03  
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INFO AMCONSUL MONTREAL PRIORITY  
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E.O. 11652: N/A  
TAGS: PINT, ELAB, EGEN, CA  
SUBJECT: GOQ PLANS SUMMIT TO SPEARHEAD ECONOMIC STRATEGY

REF: MONTREAL 81

1. LE SOLEIL OF JANUARY 18 REPORTS GOQ IS PLANNING TO  
HOLD AN ECONOMIC "SUMMIT" MEETING IN MARCH IN MONTREAL  
TO WHICH OVER 80 BUSINESS AND UNION LEADERS WILL BE INVITED.  
THE AIM OF THE MEETING IS TO ALLOW INDUSTRY, LABOR,  
AND GOVERNMENT TO REACH CONSENSUS ON ECONOMIC TARGETS, IN-  
CLUDING PRODUCTIVITY AND EMPLOYMENT RATES. AMONG ITEMS  
ON THE AGENDA ARE A VOLUNTARY PROGRAM OF WAGE AND PRICE  
CONSTRAINTS AND MODIFICATIONS OF THE QUEBEC LABOR CODE.

2. AN INDUSTRY AND COMMERCE MINISTRY (MIC) SPOKESMAN SAID  
PRESENT GOQ IN BENEFFICIARY OF OPEN AND SYMPATHETIC ATTITUDE  
ON THE PART OF THE UNIONS AND IT WANTS TO TAKE BETTER ADVANTAGE  
OF THIS TO PROMOTE BETTER UNDERSTANDING BETWEEN WORKERS AND  
BUSINESSMEN. MEETING WILL BE ORGANIZED BY MIC AND OFFICE  
OF MINISTER OF STATE FOR ECONOMIC DEVELOPMENT, BERNARD LAUNDRY,  
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WHO WILL CHAIR MEETING. IN ADDITION TO LAUNDRY, MIC RODRIGUE  
TREMBLAY, RENE LEVESQUE, LABOR MINISTER JACQUES COUTURE,  
FINANCE MINISTER JACQUES PARIZEAU, AND ENERGY MINISTER  
GUY JORON WILL ATTEND. MEETINGS WILL BE MOSTLY CLOSED TO PRESS  
AND PUBLIC TO ALLOW ALL PARTICIPANTS TO SPEAK OUT FREELY.  
IF SUCCESSFUL, CONFERENCE COULD BECOME REGULAR CONSULATION  
FORUM ACCORDING TO MIC SPOKESMAN.

3. A SIMILAR SERIES OF CONSULTATIVE CONFERENCES WAS ATTEMPTED AT THE FEDERAL LEVEL BY THE ECONOMIC COUNCIL OF CANADA BUT WAS ABANDONED AFTER UNION LEADERS WITHDREW IN PROTEST OVER OTTAWA'S ANTI-INFLATION PROGRAM. QUEBEC HAS ALREADY MOVED TO DOWNGRADE ITS OWN PROVINCIAL ANTI-INFLATION BOARD, WHICH DEALS SOLELY WITH CONSTRUCTION AND PUBLIC SECTOR EMPLOYEES, TO THE STATUS OF A SIMPLE ADVISORY BODY (MONTREAL 81). LEVESQUE'S ECONOMIC "SUMMIT" WOULD REPLACE AIB AND ATTEMPT TO ARRIVE AT LEVELS OF WAGES, PRICES AND PROFITS ACCEPTABLE TO LABOR, MANAGEMENT AND THE GOVERNMENT. PRESUMABLY THESE WOULD BE SET WITH AN EYE TO THE COMPETITIVENESS OF THE PROVINCIAL ECONOMY AND ON THE SOCIAL NEEDS OF THE WORKING POPULATION. CONCERTED ACTION OF GOVERNMENT-INDUSTRY-UNIONS WOULD REPLACE LEGAL ENFORCEMENT OF LIMITS SET BY GOVERNMENT - CREATED BOARDS. WHILE PROGRAM BASED ON "JAWBONING" MAY HAVE LIMITED HOPE OF SUCCESS, GOQ FEELS THAT IT HAS LITTLE CHOICE. PQ CAMPAIGNED ON CREATION OF NEW LABOR AND SOCIAL ENVIRONMENT TO REPLACE BITTER CONFRONTATIONS WHICH TOOK PLACE BETWEEN BOURASSA GOVERNMENT AND TRADE UNION MOVEMENT. NEW PQ GOVERNMENT IS FEARFUL OF REVIVING DESTRUCTIVE TENSIONS OF LAST FEW YEARS ESPECIALLY WHILE IT IS ENGAGED IN PREPARING POPULATION FOR ITS DRIVE TOWARDS INDEPENDENCE. MOREOVER, HARMONIOUS RELATIONS WITH LABOR AND MANAGEMENT, WITHOUT RESORT TO DRAGCONIAN MEASURES, COULD, IF SUCCESSFUL, GO SOME SOME DISTANCE IN REASSURING SCEPTICAL BUSINESS COMMUNITY OF PQ GOODWILL AND EFFICACITY.

4. COMMENT: FACED WITH PRE-ELECTION VIOLATION BY PREVIOUS LIBERAL GOVERNMENT OF ITS OWN WAGE CONTROLS AND DIFFICULTY IN MAINTAINING UNPOPULAR AND INEQUITABLY LIMITED OFFICIAL USE

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APPLIED CONTROLS, LEVESQUE GOVERNMENT HAS APPARENTLY DECIDED TO GAMBLE. IT HAS AGREED TO ALLOW THE PAY RAISES TO BE IMPLEMENTED AND HAS FURTHER DOWN-GRADED THE ALREADY CASTRATED PROVINCIAL CONTROLS BOARD. IN RETURN, GOQ IS HOPING TO GET VOLUNTARY COOPERATION FROM TRADE UNIONISTS IN HOLDING DOWN FURTHER WAGE DEMANDS. TO HELP ASSURE TRADE UNION COOPERATION, AN EFFORT IS BEING MADE TO NEUTRALIZE SOME OF MOST RADICAL ELEMENTS AMONG LEADERSHIP. RECENT ATTACKS ON MARXISTS IN CEQ BY STEELWORKERS PRESIDENT GERIN-LA JOIE, IN BENEVOLENT PRESENCE OF RENE LEVESQUE, APPARENTLY WAS OPENING SHOT. (76 QUEBEC 384). THIS WAS FOLLOWED BY CAREFULLY MANEUVERED ISOLATION OF RADICALS IN CEQ AND BY ACCEPTANCE MAJORITY OF UNIONS COUNCIL OF MOTION TO COOPERATE WITH PQ GOVERNMENT (QUEBEC 22). LEVESQUE NO DOUBT IS HOPING THAT THIS DEMONSTRATION OF WILLINGNESS TO USE HIS UNDOUBTED INFLUENCE WITH TRADE UNIONS WILL GAIN COOPERATION FROM BUSINESS COMMUNITY WHICH HAS BEEN SCEPTICAL OF PQ. THUSFAR, GOVERNMENT HAS BEEN SKILLFUL IN ITS MOVES IN THIS INTRICATE, HIGH RISK PLAN. HOWEVER,

THE STAKES INVOLVED WARRANT AUDACITY. IF LEVESQUE  
SHOULD WIN HIS LONG SHOT IN GAINING  
VOLUNTARY ADHERENCE TO WAGE AND PRICE LIMITS SET  
COOPERATIVELY WITH MANAGEMENT AND LABOR, HE WILL UPSTAGE PRIME  
MINISTER TRUDEAU AND GAIN MUCH RESPECT FOR AND CREDIBILITY IN PQ'S  
ABILITY TO GOVERN EFFECTIVELY.

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**Disposition Approved on Date:**  
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